

requirements of section 407(a) for the  
fiscal year 75  
percent) reduced (if appropriate) in  
accordance with  
subparagraph (C)(ii)

"(in) HISTORIC STATE EXPENDITURES—  
The term  
historic State expenditures' means  
with respect to  
a State, the lesser of—

"(I) the expenditures by the State  
under parts  
A and F (as in effect during fiscal  
year 1994)  
for fiscal year 1994; or

"(II) the amount which bears the  
same ratio  
to the amount described in subclause (I)  
as—

"(aa) the State family  
assistance grant,  
plus the total amount required to  
be paid to  
the State under former section 403  
for fiscal  
year 1994 with respect to amounts  
expended  
by the State for child care under  
subsection  
(a) or (i) of section 402 (as in effect  
during  
fiscal year 1994); bears to

"(bb) the total amount required  
to be paid  
to the State under former section  
403 (as in  
effect during fiscal year 1994) for  
fiscal  
year 1994.

Such term does not include any  
expenditures under  
the State plan approved under part A (as  
so in effect)  
on behalf of individuals covered by a tribal  
family  
assistance plan approved under section  
412, as deter-  
mined by the Secretary.

"(iv) EXPENDITURES BY THE STATE.—The  
term  
expenditures by the State\* does not  
include—

"(I) any expenditures from amounts  
made  
available by the Federal Government;

"(II) any State funds expended for  
the medic-  
aid program under title XIX;

"(III) any State funds which are used  
to match  
Federal funds; or

"(IV) any State funds which are  
expended as  
a condition of receiving Federal funds  
under Fed-  
eral programs other than under this part.  
Notwithstanding subclause (IV) of the

preceding sentence, such term includes expenditures by a State for child care in a fiscal year to the extent that the total amount of such expenditures does not exceed an amount equal to the amount of State expenditures in fiscal year 1994 or 1995 (whichever is greater) that equal the non-Federal share for the programs described in section 418(a)(1)(A).

"(8) SUBSTANTIAL NONCOMPLIANCE OF STATE CHILD SUPPORT ENFORCEMENT PROGRAM WITH REQUIREMENTS OF PART D. ~-

"(A) IN GENERAL. If a State program operated under part D is found as a result of a review conducted under section 452(a)(4) not to have complied substantially with the requirements of such part for any quarter, and the Secretary determines that the program is not complying substantially with such requirements at the time the finding is made, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the quarter and each subsequent quarter that ends before the 1st quarter